

EVERETT CITY COUNCIL AGENDA ITEM COVER SHEET

Adopt Resolution and authorize the Mayor to sign Purchase and Sale Agreement with SSLM Properties LLC, in substantially the form as attached and take all other actions necessary for the acquisition of property located at 3600 Smith Avenue.

| | |
|---------|-----------------|
| | Briefing |
| | Proposed Action |
| | Consent |
| 6/29/16 | Action |
| | First Reading |
| | Second Reading |
| | Third Reading |
| | Public Hearing |
| | Budget Advisory |

| | |
|------------------------|---------------|
| COUNCIL BILL # | |
| Originating Department | Real Property |
| Contact Person | Mike Palacios |
| | Tom Hingson |
| Phone Number | 425-257-8938 |
| | 425-257-8939 |
| FOR AGENDA OF | June 29, 2016 |
| Initialed by: | |
| Department Head | |
| CAA | |
| Council President | |

| <u>Location</u> | <u>Preceding Action</u> | <u>Attachments</u> | <u>Department(s) Approval</u> |
|------------------------|--------------------------------|----------------------------------|---|
| 3600 Smith Avenue | | Purchase and Sale Agreement, Map | Administration, Legal, Transit, Real Property |

| | | |
|----------------------|-----------------------------|-----------------------------|
| Amount Budgeted | \$4,000,000.00 plus closing | |
| Expenditure Required | \$4,000,000.00 plus closing | Account Number(s): Fund 425 |
| Budget Remaining | -0- | |
| Additional Required | -0- | |

DETAILED SUMMARY STATEMENT:

The City proposes to acquire the former Smith Street Mill site located at 3600 Smith Avenue which is adjacent to and immediately south of the Everett Station. The site will be used for Transit operations with the initial use as bus parking allowing Transit to discontinue leasing space at 2911 California Avenue. The site will also provide a potential placeholder for the City to meet its obligation to Sound Transit for a future 100 space parking lot for the Everett Station.

The site is approximately 4.72 acres in size and extends from Everett Station on the north to just south of 37th Street and runs along the west side of the BNSF railroad right of way. The purchase agreement provides for a 90-day due diligence period to investigate the condition of the site. Upon the City's satisfaction of its due diligence, the City can exercise its rights and acquire the site for \$4,000,000.00 plus closing costs.

RECOMMENDATION:

Adopt Resolution and authorize the Mayor to sign Purchase and Sale Agreement with SSLM Properties LLC, in substantially the form as attached and take all other actions necessary for the acquisition of property located at 3600 Smith Avenue in the amount of \$4,000,000.00 plus closing costs.

AGREEMENT OF PURCHASE AND SALE OF REAL PROPERTY

This Agreement of Purchase and Sale of Real Property (this “**Agreement**”) is entered into as of May __, 2016 (the “**Effective Date**”), by and between the CITY OF EVERETT, a municipal corporation (“**Buyer**” or “**City**”), and SSLM PROPERTIES, LLC, a Washington limited liability company (“**Seller**”).

RECITALS

A. On _____, 2016, the Everett City Council adopted Resolution #_____, which authorized the Mayor and City staff to negotiate and execute a purchase and sale agreement for the Property (as defined below). The resolution states that in the event that negotiations fail and the transaction does not close by December 31, 2016, the City Council authorizes condemnation for the Property. Seller has received a copy of the resolution, which is attached hereto as **Exhibit A** (the “**Resolution**”).

B. The City and Seller have agreed on the terms of the purchase and sale for the Property as set forth herein.

In consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE I. PROPERTY

Seller hereby agrees to sell and convey to Buyer pursuant to an imminent threat of condemnation by Buyer as set forth in the Resolution, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, that certain real property in Everett, Washington legally described on **Exhibit B** hereto, together with all rights, privileges and easements to, or used in connection with, such real property, including without limitation all existing appurtenant easements, development rights, permits, applications and licenses appurtenant to or used in connection with such real property (collectively, the “**Property**”).

ARTICLE II. PURCHASE PRICE AND EARNEST MONEY

2.1 Earnest Money Deposit. Within three (3) business days after the Effective Date, Buyer shall deposit in cash, the sum of One Hundred Thousand Dollars (\$100,000.00) with Rainier Title, 2722 Colby Avenue, Suite 125, Everett, WA 98201

(the "**Title Company**") as the earnest money deposit (the "**Earnest Money**"). The Earnest Money shall be nonrefundable following the expiration or earlier waiver by Buyer of the Inspection Period contingencies, except in the event of Seller's default or as otherwise expressly provided for hereunder. The Title Company shall deposit the Earnest Money in an interest-bearing account at a financial institution approved by Buyer and Seller. All interest earned thereon shall be added to and become a part of the Earnest Money.

2.2 Purchase Price. The total purchase price for the Property (the "**Purchase Price**") shall be Four Million dollars (\$4,000,000.00), subject to the adjustments, if any, as provided for under this Agreement. For closing purposes, Seller and Buyer agree that no portion of the Purchase Price is allocated to personal property.

2.3 Payment of Purchase Price. The Earnest Money and any interest earned thereon shall be credited against the Purchase Price at Closing. Buyer shall pay the remainder of the Purchase Price at Closing in immediately available U.S. funds

ARTICLE III. TITLE

3.1 Review of Title. Buyer has ordered from the Title Company a commitment for an owner's policy of extended coverage title insurance for the Property (the "**Preliminary Commitment**"), together with copies of any and all instruments referred to in the Preliminary Commitment. Within ten (10) days after the Effective Date, Seller shall deliver to Buyer a copy of any existing survey covering the Property (the "**Existing Survey**").

(a) Within twenty (20) days after the latter of the Effective Date or Buyer's receipt of the Preliminary Commitment together with all instruments referred to therein and any Existing Survey, Buyer shall deliver written notice to Seller of any title exception to which it objects (such exceptions, the "**Defects**"); provided, however, that if any new title exception is disclosed by a supplement or amendment to the Preliminary Commitment, then Buyer shall have until the latter of (i) the expiration of the Inspection Period, or (ii) seven (7) business days after Buyer's receipt of such supplement or amendment to the Preliminary Commitment (together with a copy of all new instruments shown in such supplement or amendment) to deliver to Seller written notice of any new title exceptions appearing in such supplement or amendment to which Buyer objects (the previous Defects and such new exceptions are collectively, the "**Defects**").

(b) Title will be deemed acceptable to Buyer if (a) Buyer fails to deliver timely written notice of Defects or (b) Buyer delivers timely written notice of Defects and Seller, within seven (7) business days after receipt of the notice (the "**Curative Period**"), cures the Defects or commits in writing to do so at or before

Closing. If Seller does not elect to cure the Defects of which Buyer has timely given written notice in accordance with the provisions of this Section, Buyer will have seven (7) business days after (i) receipt of notice of Seller's unwillingness or inability to cure the Defects or (ii) expiration of the Curative Period, if Seller does not provide such notice and the defects are not cured within the Curative Period, to give written notice to Seller terminating this Agreement (in which event Buyer will receive a refund of all Earnest Money) or accepting title to the Property subject to such Defects (in which event there shall be no reduction in Purchase Price.)

(c) If Buyer does not elect to terminate this Agreement within the Inspection Period (or within such longer period as may be provided in this Section), then any Defects that Seller does not cure or agree to cure shall be permitted to remain on title at Closing (the "**Permitted Encumbrances**").

(d) If required by Title Company for extended coverage, Buyer shall, at its own expense, contract with a licensed surveyor for a new ALTA survey of the Property ("**New Survey**"). Buyer shall have until the expiration of the Inspection Period to review and, in its sole discretion, approve the New Survey of the Property. If Buyer disapproves any matter shown in the Survey, Buyer may by written notice given to Seller prior to the expiration of the Inspection Period, terminate this Agreement and receive a refund of the Earnest Money unless Seller agrees to cure any such matter prior to Closing.

3.2 Title Insurance. Seller shall cause Title Company to deliver to Buyer at Closing an extended coverage owner's policy of title insurance issued by Title Company, insuring Buyer's title to the Property (the "**Title Policy**"). Buyer shall consult directly with Title Company regarding any special endorsements Buyer may require, at Buyer's sole cost and expense, to be included in the Title Policy. Seller shall pay the premium for standard coverage under the Title Policy. Buyer shall pay all costs in excess of the amount of the standard coverage premium for the Title Policy, including, without limitation, the cost of all endorsements requested by Buyer, the cost of the premium increase for extended coverage, and the cost of the New Survey. Prior to or at Closing, Seller shall, if requested by the Title Company, execute and deliver to the Title Company a commercially reasonable form owner's affidavit sufficient to allow Title Company to remove the standard preprinted exceptions for parties in possession and any mechanic's or materialmen's liens.

3.3 Conveyance of Property. At Closing, Seller shall convey to Buyer fee simple title to the Property by execution and delivery of a special warranty deed to the Property in the form of **Exhibit B** hereto (the "**Deed**").

**ARTICLE IV. INSPECTION OF DOCUMENTS,
EVALUATION OF THE PROPERTY, AND DEMOLITION**

4.1 Seller's Records. Within ten (10) days after the Effective Date, Seller shall furnish Buyer with originals or true copies of any and all of the following materials in the possession or control of, or obtained by Seller in the course of Seller's own due diligence when it acquired the Property or subsequent to Seller's acquisition of the Property ("**Seller's Records**"):

(a) Easements, Licenses, Etc. Any and all easements, licenses, contracts, other agreements and other recorded documents encumbering or affecting the Property.

(b) Environmental, Physical Reports. Any and all documentation in connection with the physical or environmental condition of the Property, including, but not limited to: (i) any environmental, soils or geotechnical reports, studies, assessments or audits, (ii) UST closure reports, (iii) boring logs, (iv) all correspondence received from or submitted to the Washington State Department of Ecology regarding the Property and (v) any code or insurance compliance letters.

(c) Surveys. Any and all surveys, as built plans and specifications and similar documents.

(d) Title. The Preliminary Commitment from the Title Company, including copies of all exceptions to title identified therein.

(e) Claims, Etc. Any written documentation concerning claims, demands, litigation or other disputes received by Seller and relating to or affecting the Property.

(f) Condemnation, Public Improvements. Any other documentation in Seller's possession concerning potential public improvements or condemnation actions relating to or affecting the Property, other than the threat of condemnation by Buyer as set forth in the Resolution.

4.2 Inspection Period. Buyer shall have a period (the "**Inspection Period**") commencing on the Effective Date and expiring at 5:00 p.m. (Pacific) on the date that is ninety (90) days after the Effective Date to undertake and complete its due diligence review of the Property. Buyer shall use the Inspection Period to review and approve the items set forth herein, to inspect the condition of the Property (including, without limitation, performing any Phase I or Phase II environmental assessment), to evaluate the land use, zoning and other laws, regulations, ordinances and restrictions affecting

the Property, and to evaluate and approve the feasibility of the Property for Buyer's intended purposes. Buyer may terminate this Agreement for any reason and for no reason by delivering written notice of such termination ("**Buyer's Termination Notice**") to Seller at any time prior to expiration of the Inspection Period, in which event, the Earnest Money shall be immediately returned to Buyer and the parties shall have no further obligations hereunder other than those obligations that expressly survive by their terms, and Buyer shall return to Seller all materials delivered by Seller to Buyer pursuant to this Article IV. If Buyer fails to deliver Buyer's Termination Notice prior to expiration of the Inspection Period, then subject to Buyer's rights under Section 3.1 above, with respect to any New Defects, the Inspection Period contingency shall be deemed to be satisfied, the Earnest Money shall become non-refundable (except as otherwise specifically provided in this Agreement), this Agreement shall remain in full force and effect and the Closing shall occur in accordance with the terms contained herein.

4.3 Access and Indemnity. During the Inspection Period, Buyer (and its consultants, surveyors, agents, and employees) at Buyer's sole expense, may enter upon the Property in order to, among other things, inspect the physical condition of the Property, verify to its satisfaction the information provided to it and conduct any environmental or other inspections, sampling, surveys and studies as it deems appropriate. Buyer shall indemnify, defend and hold Seller harmless from any and all damages, claims, liens, causes of action that arise out of or are in any way related to Buyer's activities on the Property prior to Closing, including, without limitation, Seller's costs, expenses and attorneys' fees, except to the extent caused or contributed to by the negligence or willful misconduct of Seller and except to the extent that any such damages, claims, liens, causes of action results from, arises out of, or is in connection with any Hazardous Substances (as defined below) at, on, under, over, emanating from or migrating to the Property unless such Hazardous Substances were released by Buyer or Buyer's contractors or agents. Notwithstanding anything to the contrary contained in this Agreement, this indemnity shall survive the termination, expiration and consummation of this Agreement.

4.4 Demolition. Prior to Closing, Seller shall demolish all existing above ground improvements on the Property and remove all personal property (including, for example, all demolition debris and logs) from the Property, as described in Exhibit C (the "**Demolition Work**"). For purposes of clarity, the parties agree that Seller is not required to remove concrete footings or at grade or below grade concrete foundations. If such demolished improvements or debris contains Hazardous Substances (as defined below), Seller shall properly handle and dispose of such Hazardous Substances in accordance with applicable law.

ARTICLE V. CONDITIONS PRECEDENT TO CLOSING

5.1 Buyer's Conditions Precedent. Buyer's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:

(a) Performance by Seller. Seller shall have performed all material obligations required by this Agreement to be performed by it.

(b) Title Policy. Title Company shall be ready, willing and irrevocably committed to issue the Title Policy provided Buyer has fulfilled its obligations with respect thereto, which Title Policy shall show Buyer as fee simple owner of the Property, subject only to the Permitted Encumbrances.

(c) Representations and Warranties True. The representations and warranties of Seller contained herein and in each of the documents and instruments to be delivered at Closing shall be true and correct in all material respects, title to the Property shall be as represented and shall be free and clear of any lien, claim or encumbrance.

(d) No Material Change. Except to the extent approved or waived by Buyer in writing, at no time prior to the Closing Date shall there be any change in the physical or environmental condition of the Property that would have a material adverse impact on Buyer's intended use.

(e) No Adverse Actions. There shall exist no actions, administrative proceeding, suits, arbitrations, attachments or other proceedings pending against Seller or the Property that would materially and adversely affect Seller's ability to perform its obligations under this Agreement or the consummation of the transaction contemplated hereby.

(f) Demolition Work. The Demolition Work is complete in accordance with Section 4.4.

The conditions set forth in Section 5.1(a) through (f) above are intended solely for Buyer's benefit. If any of the foregoing conditions are not satisfied as of the Closing Date, Buyer shall have the right as its sole remedy and at its sole election to: (i) waive the condition in question and proceed with the purchase of the Property, or (ii) terminate this Agreement, whereupon the Earnest Money shall be returned to Buyer and the parties shall have no further obligations hereunder other than those obligations which survive the termination of this Agreement by their express terms.

5.2 Seller's Conditions Precedent. Seller's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:

(a) Performance by Buyer. Buyer shall have performed all material obligations required by this Agreement to be performed by it.

(b) Representations and Warranties True. The representations and warranties of Buyer contained herein shall be true and correct in all material respects.

The conditions set forth in Section 5.2(a) and (b) above are intended solely for Seller's benefit. If any of the foregoing conditions are not satisfied as of the Closing Date, Seller shall have the right at its sole election, either to waive the condition in question and proceed with the sale, or, in the alternative, to terminate this Agreement. No such termination, however, shall waive Seller's right to retain the Earnest Money if Buyer is then in material default under this Agreement.

ARTICLE VI. PROPERTY CONDITION PENDING CLOSING

6.1 No Leases or Hazardous Substances. At all times prior to the Closing, or the sooner termination of this Agreement, Seller agrees not to lease or rent any portion of the Property, nor to enter into any agreement relating to the Property which agreement is not terminable prior to Closing, and not to intentionally place, store, use or dispose of, nor knowingly permit any other person or party to place, store, use or dispose of, any Hazardous Substances on or under the Property. As used herein, "**Hazardous Substances**" shall mean asbestos (whether or not friable), petroleum and petroleum derivatives and products, and any substance, chemical, waste or other material which is listed, defined or otherwise identified as "hazardous" or "toxic" under any federal, state or local ordinance or law or any administrative agency rule or determination.

6.2 Condition of Title. At all times prior to the Closing, or sooner termination of this Agreement, Seller agrees with respect to all or any portion of the Property: (a) not to enter into any written or oral contracts or agreements that would be binding on Buyer or the Property after Closing without Buyer's prior written consent; and (b) not to enter into any contracts or agreements to sell or otherwise transfer all or any portion of the Property, including options or rights of first refusal or offer, that would be binding on Buyer or the Property after Closing.

ARTICLE VII. CLOSING AND ESCROW

7.1 Closing. The Closing hereunder (the “**Closing**” or the “**Closing Date**”) shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the Title Company’s offices thirty (30) days after the later of (i) the expiration or earlier waiver by Buyer of the Inspection Period, or (ii) the satisfaction or waiver of the Conditions Precedent set forth in Article V above. If the expiration or earlier waiver of the Inspection Period **and** the satisfaction or waiver of all Conditions Precedent set forth in Article V above do not all occur before 120 days after the Effective Date, unless otherwise extended by mutual written agreement, then either party may terminate this Agreement effective upon written notice to the other party. In the event of such termination, the Earnest Money shall be returned to Buyer, unless the Seller is otherwise entitled to the Earnest Money under this Agreement.

7.2 Delivery by Seller. On or prior to the Closing Date, Seller shall deposit with the Title Company or its agent (the “**Closing Agent**”), the following:

(a) The duly executed and acknowledged Deed ready for recordation on the Closing Date;

(b) A duly executed real estate excise tax affidavit;

(c) Any customary documents, consents, approvals, affidavits or certifications required by Title Company to issue the Title Policy;

(d) If applicable to the Seller, a certificate of non-foreign status signed by Seller, certifying that Seller is not a “foreign person” or “foreign entity” for purposes of Section 1445 of the Internal Revenue Code of 1986, as amended, and meeting the Foreign Investment in Real Property Tax Act requirements for such certification thereunder;

(e) The duly executed Closing Certificate if requested by Buyer (defined in Section 8.1 below).

(f) All other documents executed by Seller necessary for Closing.

7.3 Delivery by Buyer. On or prior to the Closing Date, Buyer shall deposit the Purchase Price with the Closing Agent and all other documents executed by Buyer necessary for Closing.

7.4 Title Policy; Other Instruments. The Title Company shall issue the Title Policy at Closing, or as soon thereafter as practicable. Seller and Buyer shall each deposit with the Closing Agent such other instruments as are reasonably required by the

Title Company or otherwise required to close the escrow and consummate the purchase and sale of the Property in accordance with the terms hereof.

7.5 Pro-rations and Real Property Taxes. All revenues and all expenses of the Property, if any, and excluding insurance premiums, shall be prorated as of 11:59 p.m. on the Closing Date.

7.6 Closing Costs and Expenses. Buyer and Seller shall each pay their own attorney's fees and expenses to perform their obligations hereunder in addition to the following:

- (a) Seller shall pay:
 - (i) That portion of the premium for the Title Policy attributable to standard owner's coverage;
 - (ii) Any excise taxes, fees and charges imposed by governmental entities on the conveyance of the Property;
 - (iii) All recording costs for the Deed; and
 - (iv) One-half of the Closing Agent's fees and charges for escrow services.
- (b) Buyer shall pay:
 - (i) That portion of the premium for the Title Policy attributable to extended coverage and the Survey required in connection therewith and such title endorsements as may be requested by Buyer;
 - (ii) All costs and expenses of Buyer's consultants and investigations during the Inspection Period;
 - (iii) One-half of the Closing Agent's fees and charges for escrow services.

7.7 Closing Statements. The pro-rations shall be on the basis of a written closing statement submitted by the Closing Agent to Buyer and Seller prior to the Closing Date and approved by Buyer and Seller, which approval shall not unreasonably be withheld. In the event any pro-rations or apportionments made hereunder shall prove to be incorrect for any reason, then either party shall be entitled to an adjustment to correct the same. Any item which cannot be prorated because of the unavailability of

information shall be tentatively prorated on the basis of the best data then available and the parties will make any necessary adjustments as soon as the necessary information is available.

7.8 Escrow Instructions. This Agreement is intended by the parties to set forth the escrow instructions to Closing Agent. Seller and Buyer may execute and deliver to Closing Agent any additional instructions as either party deems necessary or convenient to implement the terms of this Agreement and to close the transaction contemplated hereby; provided that any such additional instructions are not inconsistent herewith and shall not in any way modify, amend or supersede this Agreement.

ARTICLE VIII. REPRESENTATIONS AND WARRANTIES

8.1 General. Except for the representations, warranties and covenants in the Deed and except for the representations, warranties and covenants in this Agreement: (a) the Property is conveyed in its "AS IS-WHERE IS" condition at the time of Closing without any representation, warranty, or covenant of Seller and (b) the Buyer makes no representation, warranty, or covenant regarding the tax treatment or implications of the purchase and sale hereunder, including without limitation no representation, warranty, or covenant regarding federal income tax or real estate excise tax.

8.2 Seller's Representations. Seller represents and warrants to Buyer that, as of the Effective Date and as of Closing:

(a) Status. Seller is a limited liability company, duly formed and validly existing under the laws of the State of Washington and is qualified to transact business in the jurisdiction where the Property is located.

(b) Rights of Third Parties. Seller has not granted any options nor obligated itself in any manner whatsoever to sell the Property or any portion thereof to any party other than Buyer, and there are no contracts or other obligations outstanding regarding the Property or any portion thereof. There are no oral or written leases, rental agreements or other occupancy agreements allowing any person to occupy the Property. Seller has not granted any options nor obligated itself in any manner whatsoever to sell or lease the Property or any portion thereof to any party other than Buyer.

(c) No Liens. All persons and entities supplying labor, materials and equipment to the Property have been paid, and there are no claims of liens as of the date hereof and as of the Date of Closing

(d) Authority. This Agreement and all documents to be executed by Seller at Closing have been duly authorized, executed and delivered by Seller and are

binding on and enforceable against Seller in accordance with their terms. Seller has obtained all authorizations or approvals necessary for Seller to enter into and perform its obligations under this Agreement. The person signing this Agreement on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions of this Agreement.

(e) Litigation. To Seller's knowledge there are no actions, suits, litigation or proceedings pending or, threatened, which affect the Property or affect the right, power or authority of Seller to enter into and perform this Agreement in accordance with its terms, or the validity or enforceability of this Agreement or of any action taken by Seller under this Agreement, in any court or before any governmental authority, domestic or foreign.

(f) No Violation. The execution of and entry into this Agreement, the execution and delivery of the documents and instruments to be executed and delivered by Seller on or prior to the Closing Date, and the performance by Seller of Seller's duties and obligations under this Agreement, are not in violation of any contract, agreement or other instrument to which Seller is a party, any judicial order or judgment of any nature by which Seller is bound.

(g) Non-foreign Person. Seller is not a "foreign person" as that term is defined in Section 1445(f) of the Internal Revenue Code of 1986 and the regulations issued thereby.

(h) Eminent Domain. To Seller's actual knowledge, there are no pending or threatened eminent domain or condemnation actions pertaining to the Property or any portion thereof, except with respect to the Buyer, which is buying the Property under the imminent threat of condemnation as set forth in the Resolution.

(i) Assessments. To the knowledge of Seller, no special assessments (other than those disclosed in the Preliminary Commitment) have been levied against the Property, and Seller has received no written notice of any currently pending or proposed assessments against the Property.

At Closing if requested by Buyer, Seller shall deliver a certificate to Buyer dated as of the Closing Date and certifying as to the truth and accuracy of each of the representations and warranties contained in this Section or the manner in which any such representation or warranty is untrue or inaccurate in any material respect (the "**Closing Certificate**").

8.3 Buyer's Representations. Buyer represents and warrants to Seller as of the Closing Date as follows:

(a) Status. Buyer is a Washington municipal corporation.

(b) Authority. This Agreement and any documents to be executed by Buyer at Closing have been duly authorized, executed and delivered by Buyer and are binding on and enforceable against Buyer in accordance with their terms. Buyer has obtained all authorizations or approvals necessary for Buyer to enter into and perform its obligations under this Agreement. The person signing this Agreement on behalf of Buyer has the legal power, right and actual authority to bind Buyer to the terms and conditions of this Agreement.

8.4 General Provision Regarding Warranties and Representation. If, prior to Closing, either Buyer or Seller discovers a fact or circumstance that might render a representation or warranty inaccurate in any material respect as of the Effective Date, it shall within five (5) days of such discovery advise the other party thereof in writing. If Buyer has actual knowledge before Closing of the falsity of any representation or warranty of Seller, and Buyer closes the purchase of the Property, Buyer shall be deemed to have waived all rights against Seller in connection with such falsity or breach.

ARTICLE IX. LOSS BY CONDEMNATION

9.1 Taking by Condemnor Other than Buyer. In the event that all or any material portion of the Property is the subject of a taking or condemnation under the provisions of eminent domain law, other than by Buyer, after the Effective Date but prior to the Closing Date, Buyer may terminate this Agreement and the Earnest Money shall be returned to Buyer. If Buyer does not elect to terminate this Agreement, then the Purchase Price shall not be reduced, but Seller shall assign to Buyer its rights to any condemnation proceeds resulting from such taking and shall not make any settlements without Buyer's prior written approval.

9.2 Taking by Buyer as Condemnor. If the Buyer files a petition for condemnation of the Property in the Superior Court of Snohomish County, State of Washington, prior to the expiration of the Inspection Period, then this Agreement automatically terminates, and the Earnest Money shall be returned to Buyer. If the Buyer files a petition for condemnation after satisfaction of the the Inspection Period contingency and this Agreement has not been otherwise terminated, then this Agreement automatically terminates, and, unless Seller is in default hereunder, the Earnest Money shall be delivered to Seller.

ARTICLE X. POSSESSION

Possession of the Property shall be delivered to Buyer on the Closing Date free and clear of any occupants or rights to possession.

ARTICLE XI. DEFAULT; REMEDIES

11.1 Default by Buyer. If Buyer fails, without legal excuse, to complete the purchase of the Property in accordance with the terms of this Agreement or otherwise defaults hereunder, Seller's sole and exclusive remedy shall be to retain the Earnest Money as liquidated damages. Buyer expressly agrees that the delivery to and the retention of the Earnest Money by Seller represents a reasonable estimation of the damages in the event of Buyer's default, that actual damages may be difficult to ascertain and that this provision does not constitute a penalty.

11.2 Default by Seller. If Seller fails, without legal excuse, to complete the sale of the Property in accordance with the terms of this Agreement or otherwise defaults hereunder, Buyer may as its sole and exclusive remedy either: (1) terminate this Agreement and receive a refund of the Earnest Money; (2) seek specific performance; or (3) sue for its actual damages. If Seller defaults under this Agreement by not completing the Demolition Work prior to Closing and Buyer seek specific performance, Buyer's specific performance remedy shall include without limitation conveyance of the Property to Buyer as set forth in this Agreement, but with the Purchase Price reduced by an amount equal to the cost of the City completing the Demolition Work.

11.3 Attorneys' Fees. In the event either party brings an action or any other proceeding against the other party to enforce or interpret any of the terms, covenants or conditions hereof, the party prevailing in any such action or proceeding shall be paid all costs and reasonable attorneys' fees by the other party in such amounts as shall be set by the court, at trial and on appeal.

ARTICLE XII. MISCELLANEOUS

12.1 Brokers and Finders. No broker has been used by either Buyer or Seller. In the event of any claim for broker's fee, finder's fee, commission or other similar compensation in connection with this Agreement, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify Seller against any and all damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) that Seller may sustain or incur by reason of such claim. Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify Buyer against any and all damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees

and costs) that Buyer may sustain or incur by reason of such claim. Notwithstanding anything to the contrary herein, the provisions of this Section shall survive the termination of this Agreement or the Closing.

12.2 Notices. All notices, demands, requests, consents and approvals which may, or are required to, be given by any party to any other party hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered personally, (ii) sent by a nationally recognized overnight delivery service, (iii) electronically transmitted (including facsimile) with confirmation sent by another method specified in this Section, or (iv) mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

Seller at: SSLM Properties, LLC
6663 SW Beaverton Hillsdale Hwy #133
Portland, OR 97221
Attn: Lee Kearney
Telephone No. 503-676-6625

With a copy to: Peterson Russell Kelly, PLLC
10900 NE 4th Street, Suite 1850
Bellevue, Washington 98004
Attn: Patrick Moran
Telephone No. 425-257-8938
Facsimile No. 425-257-8856

Buyer at: City of Everett
3200 Cedar Street
Everett, WA 98201
Attn: Mike Palacios/Real Property Manager
Telephone No. 425-257-8938
Facsimile No. 425-257-8856

With a copies to: City of Everett
Attn: Tim Benedict/Deputy City Attorney
2930 Wetmore Ave, 9th Floor
Everett, WA 98201

City of Everett
Attn: Sharon Fuller/City Clerk
2930 Wetmore Ave, 1st Floor

Everett, WA 98201

or to such other addresses as either party hereto may from time to time designate in writing and deliver in a like manner. All notices shall be deemed complete upon actual receipt or refusal to accept delivery.

12.3 Survival. All provisions of this Agreement that involve obligations, duties or rights to be performed after the Closing Date or the recording of the Deed, and all covenants, representations and warranties made in or to be made pursuant to this Agreement shall survive the Closing Date and/or the recording of the Deed only to the extent expressly provided herein.

12.4 Captions. The captions of this Agreement are for convenience and reference only and in no way define, limit or describe the scope or intent of this Agreement.

12.5 Merger of Prior Agreements; Reliance. This Agreement and the exhibits hereto constitute the final and complete agreement between the parties with respect to the purchase and sale of the Property and supersede all prior and contemporaneous agreements, letters of intent and understandings between the parties hereto relating to the subject matter of this Agreement. There are no oral or other agreements, including but not limited to, any representations or warranties, which modify or affect this Agreement. Seller shall not be bound by, or liable for, any warranties, representations or statements of fact or opinion made by any other person, partnership, corporation or other entity, including, without limitation, the Title Company, any surveyor and any consultants. Buyer acknowledges to Seller that in entering into this Agreement, Buyer is not relying on any warranties except those expressly set forth herein or in the Deed.

12.6 No Joint Venture. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between Buyer and Seller. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

12.7 Governing Law; Time. This Agreement and the rights of the parties hereto shall be governed by and construed in accordance with the internal laws of the State of Washington. "Day" as used herein means a calendar day and "business day" means any weekday on which commercial banks are generally open for business in the State of Washington. Any period of time that would otherwise end on a non-business day shall be extended to the next following business day. Time is of the essence of this Agreement.

12.8 Exhibits. All exhibits attached hereto or referenced herein are incorporated in this Agreement. The following exhibits are attached to this Agreement:

- EXHIBIT A – Council Resolution
- EXHIBIT B – Legal Description of the Property
- EXHIBIT C – Form of Deed
- EXHIBIT D – Demolition

12.9 Severability. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such provisions had not been contained herein.

12.10 Counterparts. This Agreement and the documents to be delivered hereunder may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute one agreement.

12.11 Assignment. Buyer shall have the right to assign its interests hereunder to an affiliate or related entity in which Buyer maintains management and voting control, but such assignment does not release Buyer from any obligation or liability under this Agreement.

12.12 Effective Date. The “**Effective Date**” shall be the date upon which this Agreement has been executed by both Seller and Buyer and such date shall be inserted by the second party to sign this Agreement on the first page of this Agreement.

12.13 Amendment, Waiver. No modification, termination or amendment of this Agreement may be made except by written agreement. No failure by Seller or Buyer to insist upon the strict performance of any covenant, agreement, or condition of this Agreement or to exercise any right or remedy shall constitute a waiver of any such breach or any other covenant, agreement, term or condition. No waiver shall affect or alter this Agreement, and each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. All the terms, provisions, and conditions of this Agreement shall inure to the benefit of and be enforceable by Seller’s or Buyer’s permitted successors and assigns.

[signature pages follow]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the dates below their respective signatures, to be effective as of the Effective Date.

BUYER:

CITY OF EVERETT,
a Washington municipal corporation

By: _____

Name: Ray Stephanson

Title: Mayor

Approved as to form:

Attest:

City Attorney

City Clerk

SELLER:

SSLM PROPERTIES, LLC,
a Washington limited liability company

By: _____

Name: Lee Kearney

Title: Manager

Seller Signature Page

EXHIBIT A
TO
AGREEMENT OF PURCHASE AND SALE OF REAL PROPERTY

City Council Resolution

RESOLUTION NO. _____

**A RESOLUTION authorizing acquisition of real property located at 3600 Smith Avenue
by negotiated purchase or by condemnation**

WHEREAS,

A. The City Council for the City of Everett, Washington has determined that public health, safety, and convenience require that City for transit operations acquire certain real property located at approximately 3600 Smith Avenue (the "Property").

B. The City Council has determined to authorize the Mayor to execute a purchase and sale agreement to purchase the Property and to close the purchase transaction.

C. In the event that the City is unable to close the purchase of the Property by December 31, 2016, the City Council has determined to authorize the use of eminent domain to acquire the Property.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EVERETT that:

SECTION 1. The Mayor is authorized to execute a purchase and sale agreement in the amount of \$4,000,000.00 for the Property in substantially the form provided to City Council. The Mayor is further authorized to sign all documents and take all steps necessary to close the purchase. This authorization includes authority to sign amendments to the purchase and sale agreement, so long as such amendments do not increase the purchase price or extend the closing date beyond December 31, 2016.

SECTION 2. The City Council finds that the use of the Property by the City for transit purposes is a public use and that the Property is necessary for that public use. Accordingly, if the purchase of the Property authorized under this resolution has not closed by December 31, 2016, the City Council further authorizes the use of eminent domain to acquire the Property and authorizes the City Attorney to take whatever actions are necessary for such acquisition, including without limitation preparation of an ordinance of condemnation for City Council consideration in accordance with Chapter 8.12 RCW.

Councilperson Introducing Resolution

PASSED and APPROVED this ____ day of _____, 2016.

Council President

EXHIBIT B
TO
AGREEMENT OF PURCHASE AND SALE OF REAL PROPERTY

Legal Description of the Property

PARCEL A:

THE NORTH HALF OF BLOCK 19, J.S. SINES ACRE TRACTS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 4 OF PLATS, PAGE 11, RECORDS OF SNOHOMISH COUNTY, WASHINGTON, LYING EAST OF THE ALLEY.

PARCEL B:

PARCEL B, BOUNDARY LINE ADJUSTMENT NO. 2-99 RECORDED UNDER RECORDING NO. 9903110605 AND BY SURVEY RECORDED UNDER RECORDING NO. 9903115004, BEING A PORTION OF NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 29 NORTH, RANGE 5 EAST, W M, RECORDS OF SNOHOMISH COUNTY, WASHINGTON.

PARCEL C:

ALL THAT PORTION OF THE WEST ½ OF SECTION 29, TOWNSHIP 29 NORTH, RANGE 5 EAST, W.M., RECORDS OF SNOHOMISH COUNTY, WASHINGTON, LYING NORTH OF 36TH STREET, EAST OF THE WEST LINE OF OLD GREAT NORTHERN RAILROAD RIGHT-OF-WAY, WEST OF THE BURLINGTON NORTHERN RAILROAD RIGHT-OF-WAY AS DEFINED BY A LINE 40 FEET WEST OF THE CENTERLINE OF THE BURLINGTON NORTHERN RAILROAD MAIN LINE TRACKS EXISTING AND MAINTAINED AS OF MARCH 13, 1990, AND SOUTHEAST OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE CENTERLINE INTERSECTION OF SMITH AVENUE, AS CONSTRUCTED AND MONUMENTED FOR ROAD DEED RECORDED UNDER RECORDING NO 1192858, AND 36TH STREET AS PLATTED;

THENCE NORTH 00°45.36" EAST 345.16 FEET ALONG SAID CENTERLINE OF SMITH AVENUE TO THE CENTERLINE OF SAID SECTION 29; THENCE SOUTH 88°18.35" EAST ALONG SAID CENTERLINE OF SECTION 29, A DISTANCE OF 30.06 FEET TO THE EAST LINE OF SAID SMITH AVENUE AND THE POINT OF BEGINNING; THENCE CONTINUE SOUTH 88°18.35" EAST 79.37 FEET TO A ½" INSIDE DIAMETER IRON PIPE; THENCE NORTH 04°26.00" WEST 200.00 FEET; THENCE NORTH 86°14.39" EAST 83.40 FEET; THENCE NORTH 76°18.21" EAST 113.80 FEET TO SAID LINE 40 FEET WEST OF THE CENTERLINE OF THE EXISTING BURLINGTON NORTHERN MAINLINE TRACKS AND THE TERMINUS OF SAID LINE.

EXCEPT THAT PORTION DEEDED TO THE STATE OF WASHINGTON, DEPARTMENT OF TRANSPORTATION, BY DEED RECORDED UNDER RECORDING NUMBER 200602060551.

PARCEL D:

A PARCEL OF LAND IN THE CITY OF EVERETT, COUNTY OF SNOHOMISH, STATE OF WASHINGTON, BEING THAT PORTION OF BNSF RAILWAY COMPANY.S (FORMERLY GREAT NORTHERN RAILWAY COMPANY) PROPERTY LYING IN THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, AND GOVERNMENT LOT 5 OF SECTION 29, TOWNSHIP 29 NORTH, RANGE 5 EAST, W.M., RECORDS OF SNOHOMISH COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTH RIGHT OF WAY LINE OF 36TH STREET, ACCORDING TO THE RECORDED PLAT OF SINES ACRE TRACTS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 4 OF PLATS, PAGE 11, RECORDS OF SNOHOMISH COUNTY, WASHINGTON, WITH SAID RAILWAY COMPANY.S WESTERLY RIGHT OF WAY LINE, SAID POINT BEING THE SOUTHWESTERLY CORNER OF THAT CERTAIN PARCEL 4 DESCRIBED IN CORRECTION DEED DATED JANUARY 30, 1990 FROM BURLINGTON NORTHERN RAILROAD COMPANY TO GLACIER PARK COMPANY, RECORDED AS DOCUMENT NO. 9001310636, IN VOLUME 2305, PAGE 1060, RECORDS OF SAID COUNTY; THENCE EASTERLY, ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL 4, BEING ALONG SAID NORTH RIGHT OF WAY LINE OF 36TH STREET TO A POINT ON A LINE PARALLEL WITH AND 40.0 FEET NORMALLY DISTANT WESTERLY FROM SAID RAILWAY COMPANY.S MAIN TRACK CENTERLINE AS NOW LOCATED AND CONSTRUCTED; THENCE SOUTHERLY, ALONG SAID PARALLEL LINE 321.0 FEET; THENCE SOUTHWESTERLY, ALONG A STRAIGHT LINE, TO THE SOUTHEASTERLY CORNER OF THAT CERTAIN 12-FOOT WIDE NON EXCLUSIVE ROADWAY EASEMENT RESERVED IN DEED DATED FEBRUARY 24, 1998 FROM THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY TO ANT LLC, RECORDED APRIL 27, 1998 AS DOCUMENT NO. 9804270969, RECORDS OF SAID COUNTY, LAST SAID SOUTHEASTERLY CORNER BEING A POINT ON THE EAST LINE OF SAID EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 29; THENCE NORTHERLY, ALONG SAID EAST LINE, 50 FEET, MORE OR LESS, TO THE NORTHEASTERLY CORNER OF THAT CERTAIN PARCEL 01725 DESCRIBED IN SAID DEED TO ANT LLC;

THENCE SOUTHWESTERLY, ALONG THE NORTHWESTERLY BOUNDARY OF SAID PARCEL 01725, A DISTANCE OF 41 FEET, MORE OR LESS, TO THE SOUTHEASTERLY CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED FIRST IN EXHIBIT "A" TO DEED DATED NOVEMBER 9, 1967, FROM THE GREAT NORTHERN RAILWAY COMPANY TO THE STATE OF WASHINGTON, LAST SAID SOUTHEASTERLY CORNER BEING A POINT ON A LINE PARALLEL WITH AND 100.0 FEET NORMALLY DISTANT WESTERLY FROM SAID RAILWAY COMPANY.S MAIN TRACK CENTERLINE AS LOCATED ON NOVEMBER 9, 1967; THENCE, ALONG THE BOUNDARY OF SAID PARCEL DESCRIBED FIRST IN EXHIBIT "A" THE FOLLOWING

THREE (3) COURSES: 1) NORTHERLY, ALONG LAST SAID PARALLEL LINE, 310 FEET, MORE OR LESS; THENCE 2) SOUTHWESTERLY, ALONG A LINE DESCRIBED IN LAST SAID DEED AS BEING A LINE PARALLEL WITH AND 75 FEET NORTHWESTERLY FROM THE CENTER LINE OF PRIMARY STATE HIGHWAY NO. 1, TO THE SOUTH RIGHT OF WAY LINE OF SAID 36TH STREET; THENCE 3) WESTERLY, ALONG SAID SOUTH RIGHT OF WAY LINE OF 36TH STREET, 115 FEET, MORE OR LESS TO SAID RAILWAY COMPANY'S WESTERLY RIGHT OF WAY LINE; THENCE NORTHERLY, ALONG SAID WESTERLY RIGHT OF WAY LINE, 80 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL E:

THAT PORTION OF BLOCK 12, J. S. SINES ACRE TRACTS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 4 OF PLATS, PAGE 11, RECORDS OF SNOHOMISH COUNTY, WASHINGTON, LYING SOUTHEASTERLY OF THAT RIGHT-OF-WAY LINE EXTENDING FROM A POINT OPPOSITE HIGHWAY ENGINEER'S STATION 231+08 59 ON THE L LINE SURVEY SR 5 IN EVERETT, 43RD STREET TO PACIFIC AVENUE AND 160 FEET SOUTHEASTERLY THEREFROM NORTHEASTERLY TO A POINT OPPOSITE HIGHWAY ENGINEER'S STATION L 233+08 59 S T ON SAID LINE SURVEY AND 175 FEET SOUTHEASTERLY THEREFROM AND TERMINUS OF SAID LINE.

PARCEL F:

A PARCEL OF LAND SITUATED IN THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 29 NORTH, RANGE 5 EAST, W.M., IN THE CITY OF EVERETT, RECORDS OF SNOHOMISH COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY EXTENSION OF THE SOUTH LINE OF 37TH STREET WITH THE EAST LINE OF SAID EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER; THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF BLOCK 19 OF J.S. SINE'S ACRE TRACTS, EVERETT, WASHINGTON, ACCORDING TO THE RECORDED PLAT THEREOF IN THE OFFICE OF THE AUDITOR OF SNOHOMISH COUNTY, WASHINGTON, A DISTANCE OF 148 FEET, MORE OR LESS, TO THE INTERSECTION WITH A LINE DRAWN PARALLEL WITH AND DISTANT 100.0 FEET SOUTHWESTERLY OF, AS MEASURED AT RIGHT ANGLES FROM THE HEREINAFTER DESCRIBED "LINE A"; THENCE NORTHWESTERLY PARALLEL WITH SAID HEREINAFTER DESCRIBED "LINE A" A DISTANCE OF 108 FEET, MORE OR LESS, TO THE SOUTHEASTERLY RIGHT OF WAY LINE OF INTERSTATE HIGHWAY NO. 5; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY RIGHT OF WAY LINE A DISTANCE OF 230 FEET, MORE OR LESS, TO THE EAST LINE OF SAID EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER; THENCE SOUTH ALONG SAID EAST LINE 255 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

"LINE A" DESCRIPTION:

COMMENCING AT THE NORTHEAST CORNER OF SAID EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER; THENCE WEST ALONG THE NORTH LINE OF SAID EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, A DISTANCE OF 266.4 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTHEASTERLY DEFLECTING AS ANGLE TO THE LEFT OF $101^{\circ} 23'$, A DISTANCE OF 1,071.87 FEET AND THERE TERMINATING.

APN: 005760-019-000-04 and 005760-019-000-05 and 005760-019-000-06 and 290529-003-008-00 and 290529-002-012-00 and 005760-043-000-02 and 290529-003-030-00 and 005760-012-000-03 and 290529-003-010-00

Snohomish County, Washington

The parties agree to update or permit the Closing Agent to update, the legal description to incorporate the boundary line adjustment under Snohomish County Recording No. 20141130168 and as further reflected Quit Claim Deed under Snohomish County Recording No. 20150827012 and make such other required correction and modification consistent with the intention of the parties.

EXHIBIT C
TO
AGREEMENT OF PURCHASE AND SALE OF REAL PROPERTY

Form of Deed

FILED FOR RECORD AT REQUEST OF
AND WHEN RECORDED RETURN TO:

CITY OF EVERETT
REAL PROPERTY MANAGER
3200 Cedar Street
Everett, WA 98201

SPECIAL WARRANTY DEED

Grantor: SSLM PROPERTIES, LLC, a Washington limited liability
company

Grantee: CITY OF EVERETT, a Washington municipal corporation

Abbreviated

Legal Description:

(complete legal description appears on Exhibit A hereto).

Assessor's Tax

Parcel No.: _____

THE GRANTOR, SSLM PROPERTIES, LLC, a Washington limited liability company, for and in consideration of TEN DOLLARS (\$10.00) AND OTHER GOOD AND VALUABLE CONSIDERATION, in hand paid, the receipt and sufficiency of which are acknowledged, bargains, sells and conveys to the CITY OF EVERETT, a Washington municipal corporation, the real estate situated in the County of Snohomish, State of Washington described in Exhibit A attached hereto, subject to those exceptions set forth in Exhibit B attached hereto.

DATED as of _____, 2016.

GRANTOR:

SSLM PROPERTIES, LLC,
a Washington limited liability company,

By: _____
Name: Lee Kearney
Title: Manager

STATE OF OREGON

COUNTY OF _____

ss.

I certify that I know or have satisfactory evidence that Lee Kearney is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Manager of SSLM PROPERTIES, LLC, to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in the instrument.

Dated this _____ day of May, 2016.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,
residing at _____

My appointment expires _____

EXHIBIT D
TO
AGREEMENT OF PURCHASE AND SALE OF REAL PROPERTY

Demolition

Seller shall remove from the Property the following:

Buildings and other similar structures, provided that the foundations and footings may remain.

Equipment, machinery and other similar material tangible property, unless Buyer agrees that such personal property may remain.

Debris and garbage and there shall be no piles of debris or garbage

Piles of chips, mulch, wood scraps, or other similar organic log materials, provided that such material may be smooth and integrated with the dirt surface

Piles of concrete and all broken concrete that is over the size of 12" x 12"

Piles of logs and wood scraps and all logs and wood scraps over the size of 12" x 12"

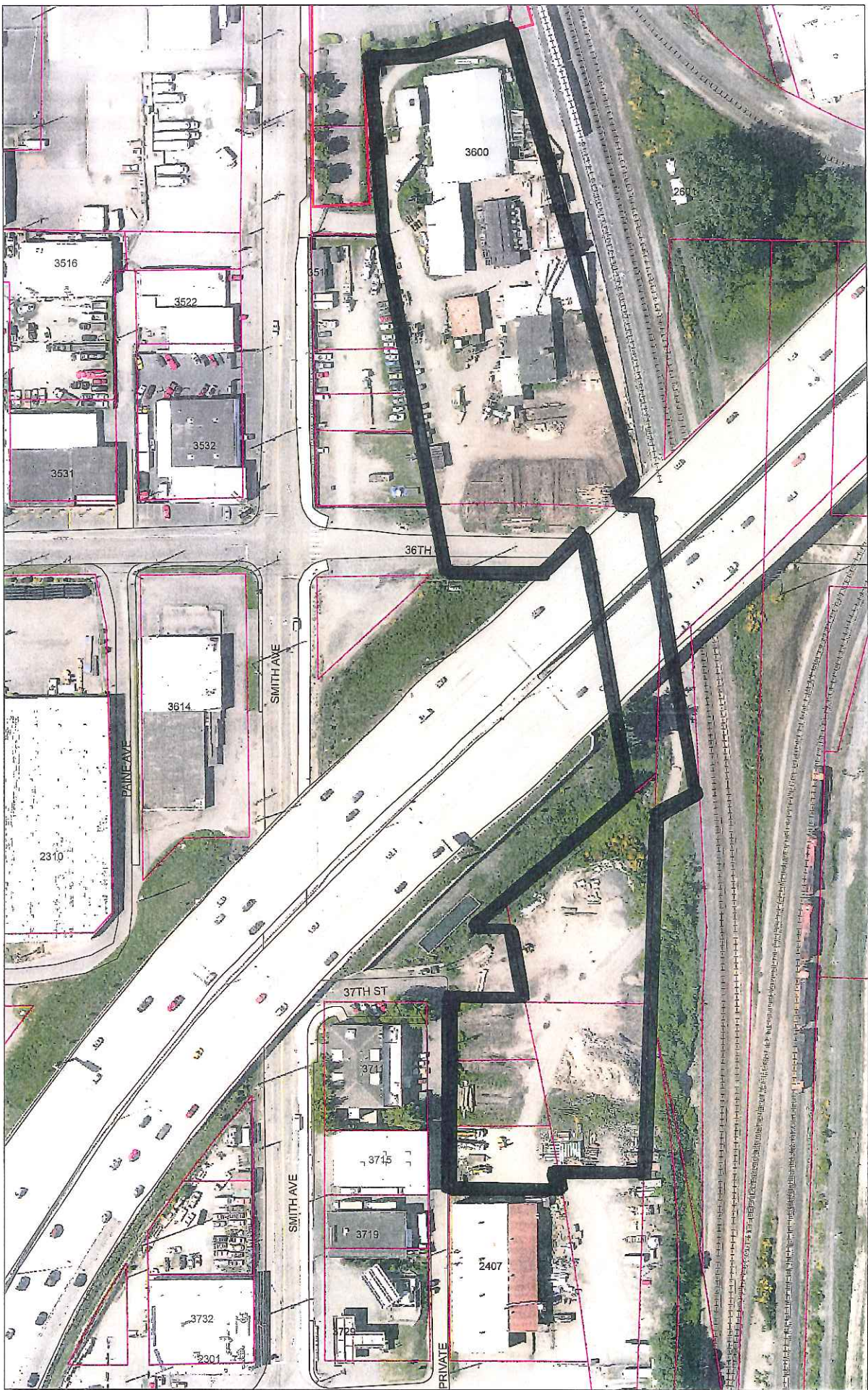
Seller may leave on the Property, the following:

Electrical Power Pole and transformers.

Ecology Blocks.

Concrete footings or foundation walls.

Concrete or asphalt flatwork.



N.T.S.

